



KHPA FY 2011-12 Budget Planning Meeting with Advisory Councils

July 29, 2010

Dr. Andrew Allison, KHPA Executive Director



2010 Year in Review

2010 Priorities

- Focus available resources on core program operations
- Complete transformation to an accountable, data-driven agency
- Position state for national reforms
- Help secure ARRA funding for HIT initiatives
- Maintain broad health agenda
- Work closely with governor and cabinet agencies
- Solicit feedback from policymakers



2010 Year in Review

1. Focusing Resources on Core Programs/Operations

- Eliminated Policy Division
- Downsized staff by 14 positions
- Reduced executive team to four
- Shifted resources to Clearinghouse to address backlog (subsequent budget reductions forced a reversal)
- Expanded focus on systematic program evaluation and review
- Medicaid savings options
 - Published March 2010 at Legislature's request
 - Forums on April 26: stakeholders and legislators
 - Shifting KHPA's focus to managing high-cost populations



2010 Year in Review

2. Becoming an accountable, data-driven agency

- Data Analytic Interface supports comparative purchasing
 - Medicaid (FFS) and State Employee Health Plan data now operational including five years historical data
 - KHIIS and managed care data integration underway
 - Enhancing program management
 - Medicaid-SEHP comparisons, i.e., comparative purchasing
 - *Coming soon:* Detailed analysis of readmissions and preventable conditions. Detailed program “dashboards” for ongoing monitoring and management of program spending and utilization.
 - Informing public policy
 - Transparency: public v. private price comparisons for DME and pharmacy completed. Comparisons for hospital, physician and dental coming soon.
 - Research: Dr. Theresa Shireman, KUMC professor, FY 2011 sabbatical to KHPA
 - Reviews by Data Consortium (and KID for KHIIS) to ensure appropriate use
- 2010 Program Evaluations
 - 12 new evaluations, many using DAI technology



2010 Year in Review

3. Position State for National Reforms

- Kansas Access to Comprehensive Healthcare (KATCH)
 - \$40.5 million grant over 5 years – from Health Resources and Services Admin. (HRSA)
 - Outstation eligibility workers in 12 locations
 - Procure new, automated, consumer-friendly eligibility system capable of absorbing expansion population: RFP's to be issued 8/31/2010; implementation in 2013
 - Project gives Kansas a head start implementing requirements to coordinate, streamline, and automate applications and enrollment in Medicaid and federal premium subsidies
- Health Reform Impact Analysis
 - Published November 2009. Updated May 2010
 - Most comprehensive state-level estimates to date
 - Informed state policymakers and stakeholders about critical role they will play in shaping these reforms and determining the impact of reform on the state
- KHPA representation in Federal implementation
 - CMS working group of Medicaid directors
 - CMS working group on eligibility systems and simplification
 - NGA State Consortium for Health Care Reform Implementation
 - Executive Committee for National Association of State Medicaid Directors

Changing Needs in Eligibility (KATCH)

Current Model

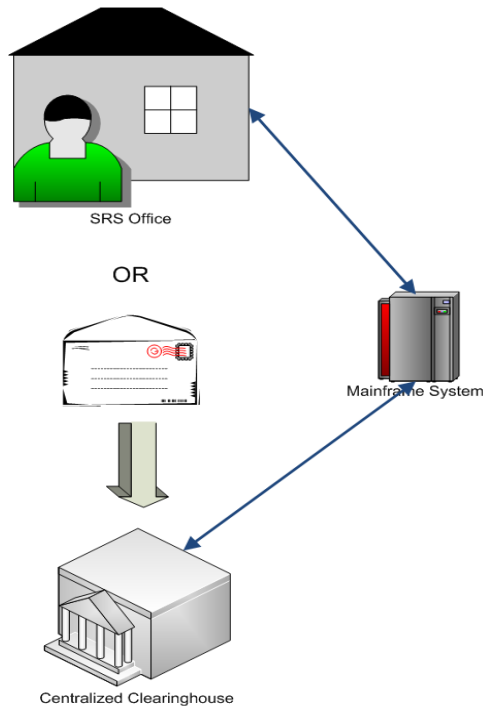


Figure 1

New Model

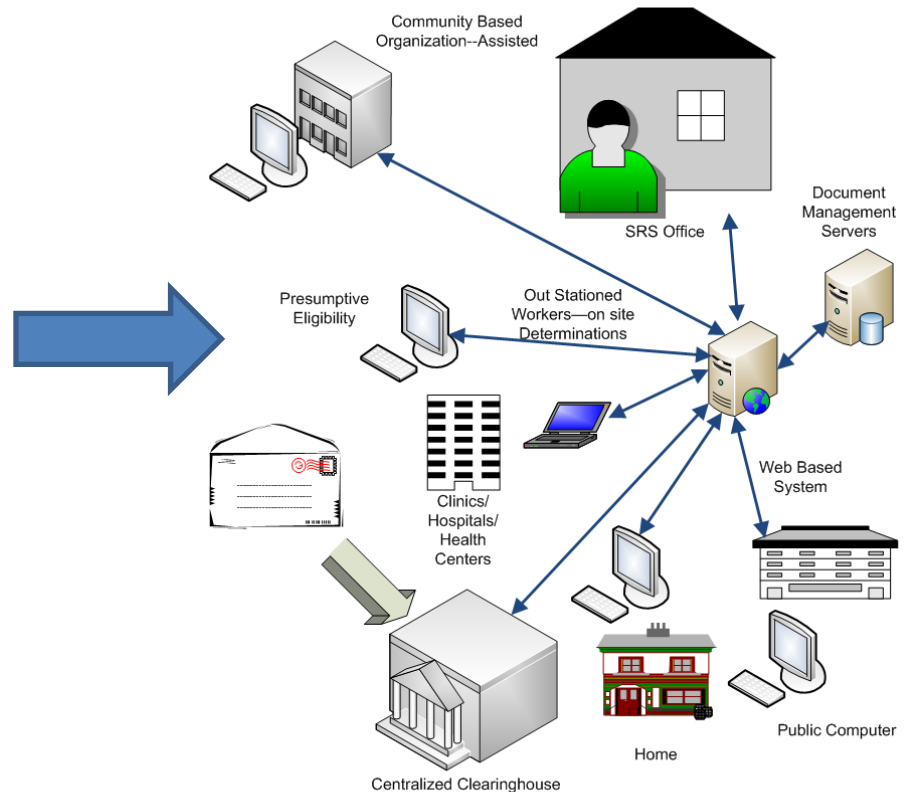


Figure 2



New Integrated Eligibility System (KATCH)

- Create online application for medical coverage and PE screening tool for community partners
- Create full eligibility system for Medicaid and CHIP
- Provide a base for seamless eligibility determinations between health insurance products including subsidies for participants in insurance exchanges under health reform
- Work together with SRS to create a common platform and build an integrated process for administering and coordinating means-tested programs, e.g., cash assistance, food stamps, etc.
- Provide platform that can be used as a building block for the future MMIS, scheduled to be re-procured in 2015.

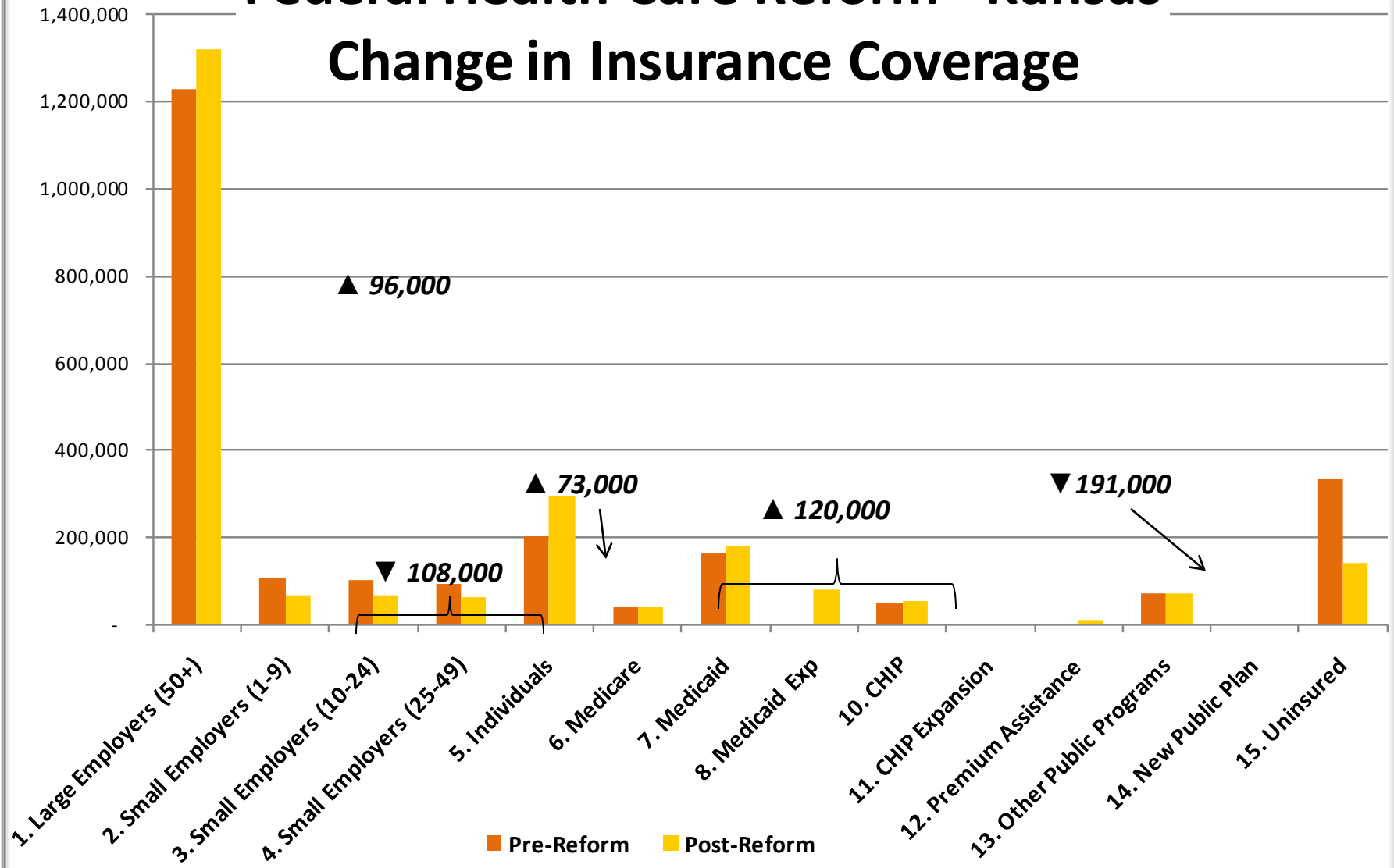


Outreach Through New Eligibility System (KATCH)

- Four tiers:
 - 12 eligibility workers outstationed primarily in safety net clinics around the state. Will provide staffing, training and equipment
 - Increase presumptive eligibility sites (PE)
 - Leverage community partners with application assistance
 - Place “kiosks” in locations around states to apply

Federal Health Care Reform - Kansas

Change in Insurance Coverage





2010 Year in Review

4. Help Secure ARRA Funding for HIT Initiatives

- \$1.7 million PAPD (Planning Advanced Planning Document) grant awarded, effective Jan. 7, 2010
- Planning activities for implementation of HIT provisions of ARRA underway
 - Currently surveying providers and others to assess capacity for expanded use of HIT
 - Defining Medicaid's role in HIT and HIE
 - Ensuring benefit to Medicaid beneficiaries
 - Leveraging Federal dollars for Kansas providers

5. Maintain a Broad Health Agenda

KHPA's Coordinated Health Policy Agenda

11-Dec-09

Access to care: Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, and the right price. Health promotion and disease prevention should be integrated directly into these services.

Quality and Efficiency in Health Care: The delivery of care in Kansas should emphasize positive outcomes, safety and efficiency and be based on best practices and evidence-based medicine.

Affordable and Sustainable Health Care: The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.

Promoting Health and Wellness: Kansans should pursue healthy lifestyles with a focus on wellness—to include physical activity, proper nutrition, and refraining from tobacco use—as well as a focus on the informed use of health services over their life course.

Stewardship: The Kansas Health Policy Authority will administer the resources entrusted to us by the citizens and the State of Kansas with the highest level of integrity, responsibility and transparency.

Education and Engagement of the Public: Kansans should be educated about health and health care delivery to encourage public engagement in developing an improved health system for all.

No recommendations at this time: expansions are inconsistent with the budget situation and would duplicate federal reform efforts	Engage in management of mental health pharmacy program	Professional rate leveling	* Enact a statewide Clean Indoor Air law	Prepare options to meet budget targets	
	Streamline prior authorization	* Promote workforce planning and policies to assure an adequate health care workforce in Kansas, e.g., policies to ensure success of the graduate medical education program in Wichita	* Enact regulations on vending machines in schools to require healthy food options	* Reduce spending by promoting health improvement through sound policies that prevent the onset of chronic disease	
			* Expansion of early detection program of breast and cervical, colorectal and prostate cancer	* Positioning the state for possible federal health reform	
			* Increase funding for Kansas Coordinated School Health (KCSH) Program	* Increase tobacco user fees to reduce smoking rates	
		Accomplished		Progress - ongoing process	
		Mixed success		Not accomplished	

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2010 Year in Review

6. Work closely with governor and cabinet agencies

- Coordination on new eligibility system – Admin., CITO, SRS
- Workforce development task force – KU, KDHE, Professional Boards
- Implemented mandated reductions in Medicaid payments – Governor, SRS, KDOA
- Participated with multiple agencies in the *“Employment First Summit”* to develop a state policy expectation of employment for people with disabilities
- Health Information Technology/Exchange Initiative - KDHE
- Development of Nursing Facility Provider Tax - Aging
- Transition Medicaid payments to new state accounting system: Admin., SRS, JJA
- School-based service changes for Medicaid-funded Special Ed. – Dept. of Education
- Developed white paper on *“Mental Health Services in Nursing Facilities”* – SRS, Aging
- Helped secure 2-year, \$400,000 HHS grant for Chronic Disease Self Management Program from HHS Administration on Aging: *“Communities Putting Prevention to Work”* (ARRA funding) – KDHE, Aging, Johnson County Area Agency on Aging
- Hosted inter-agency training on new federal regulations for Native Americans/Alaskan Indians – CMS, Indian Health Services, SRS, Aging, MCOs.



2010 Year in Review

7. Solicit feedback from policymakers

- Meetings with legislative leadership
- Feedback suggested new role for KHPA as a resource
 - Clear message that KHPA should not lobby
 - Many legislators reinforced their desire for input from the Board and professional staff on matters of policy
 - Experience in 2010 session suggests need for KHPA to more actively present the needs of the key programs we manage
- Medicaid Savings Options
 - Request for options from legislature
 - Online survey for submitting options
 - Forum for legislators and stakeholders



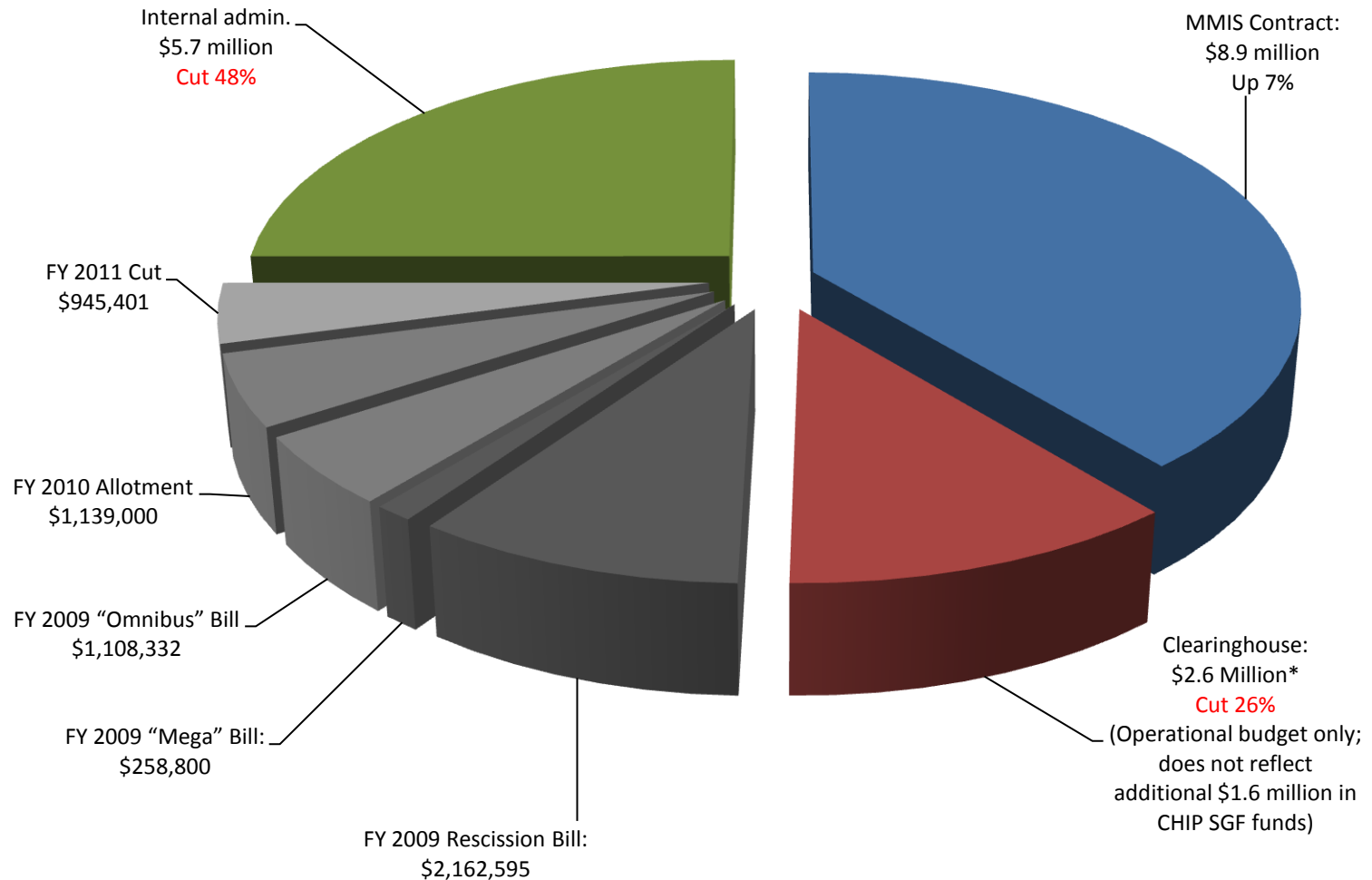
Planning for FY 2011 and FY 2012



2011 Circumstances

- Continued fiscal austerity
- Federal passage of state-based reforms
- Coming political transition and agency review

KHPA Operational Budget - FY 2011
\$17.1 million (SGF)
(anticipated spending distribution)
Cut 25% from FY 2009



Fiscal Austerity: KHPA Response

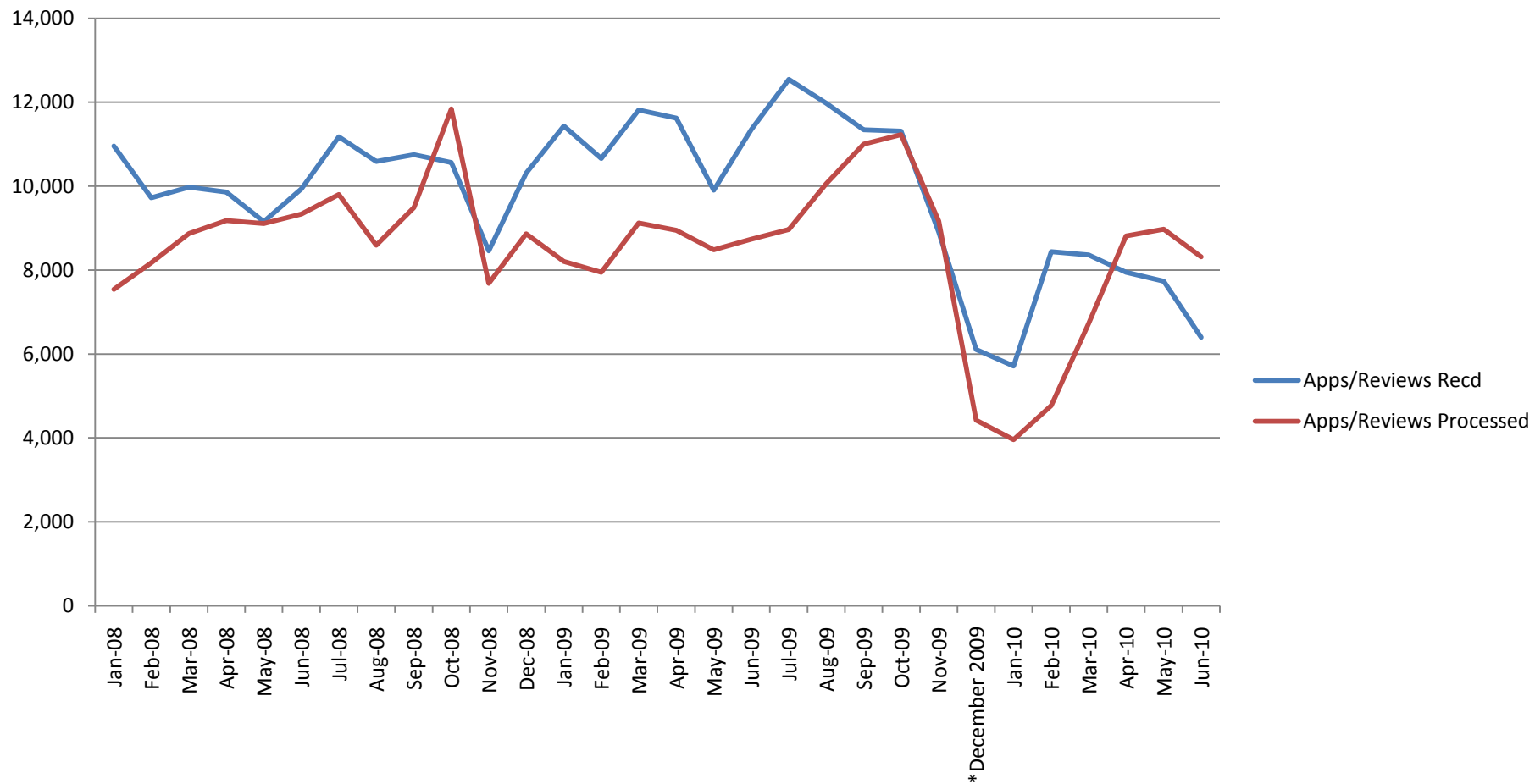
FY 2010

- Reorganization: focused resources on core program operations
- Reduce travel, communications, outreach efforts
- Staff reduction: eliminated 14 positions
- Contracts cut, cancelled, and renegotiated
- Reduced scope of Clearinghouse contract to focus on processing of applications
- No new resources at Clearinghouse

FY 2011

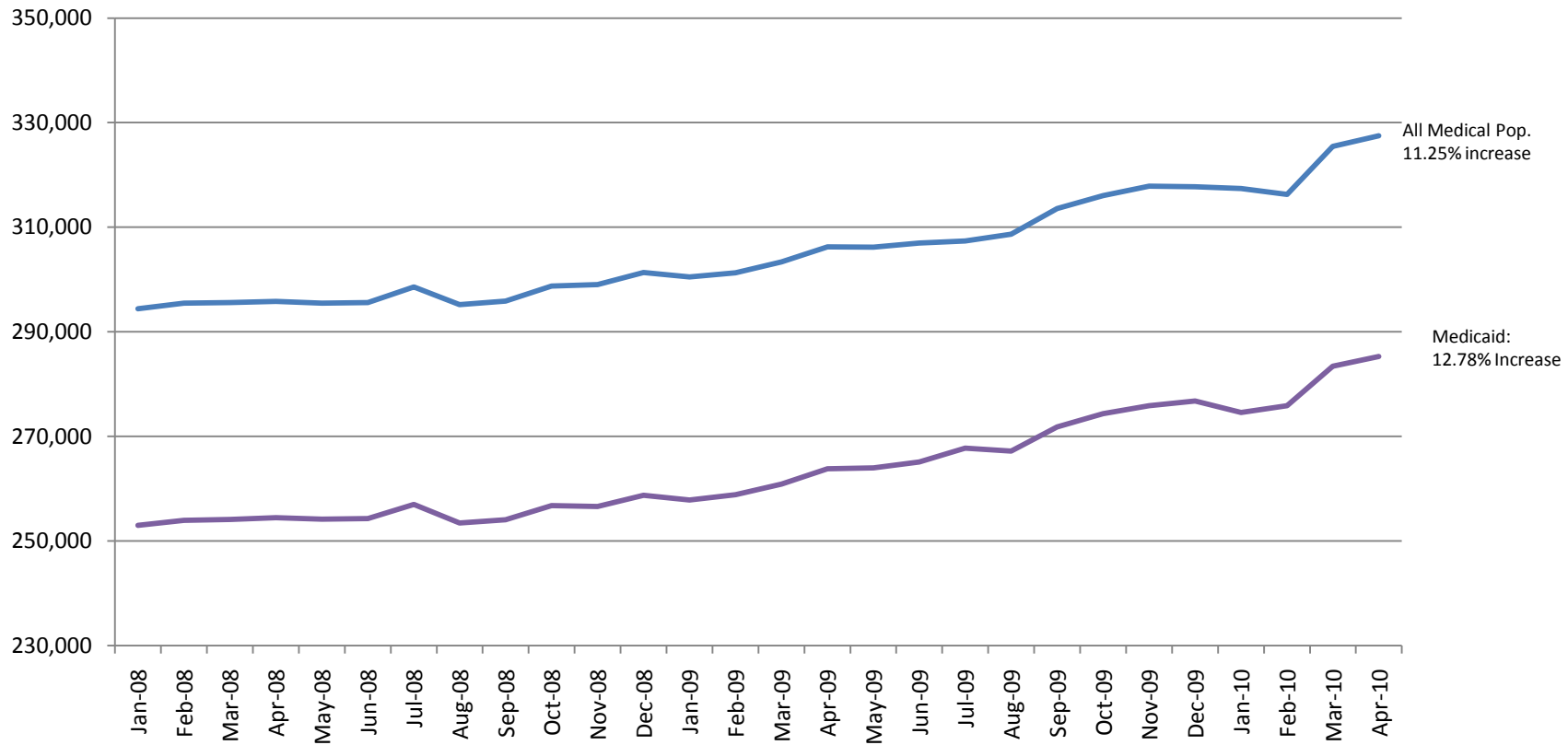
- Additional operational reductions (\$385,000 SGF)
- No new resources at Clearinghouse
- Only Medicaid-related SGF remained following FY 2010 reductions
- New cuts will be mainly affect capacity to manage and oversee Medicaid
- Additional staffing vacancies and elimination of additional positions

Applications/Reviews Processed and Received: Jan. 2008 – June 2010



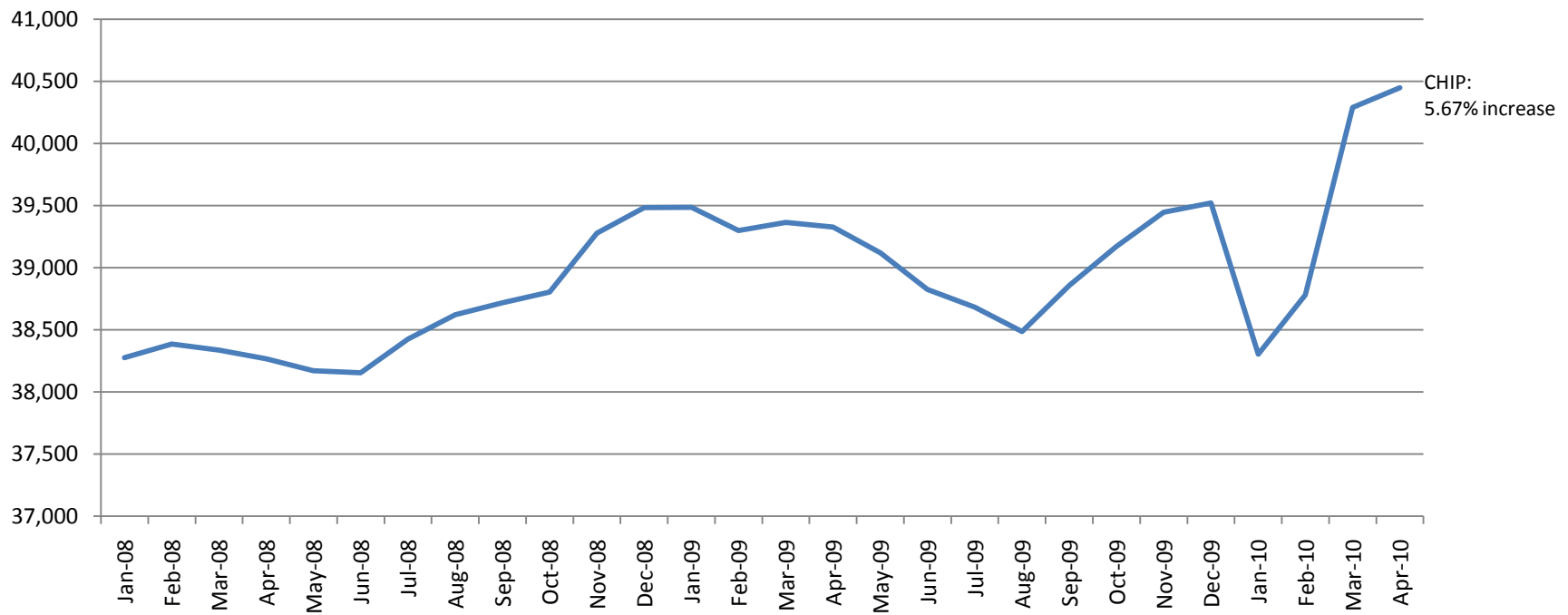
Growing Caseload Demand

Kansas Medicaid Population: January 2008 – April 2010



Growing Caseload Demand

Children's Health Insurance Program Enrollment: January 2008 – April 2010





Implications of Continued Fiscal Austerity

- **Understaffing**

- Concerns about organizational capacity following repeated reductions
- Reductions entail multiple reassignments and reorganization
- Need to identify functions to be discontinued
- Old model of direct staff involvement in daily program operations will likely change

- **Increased risk to program operations and state spending**

- Prospective “Cost-avoidance,” i.e., payment policy – produces greater and more immediate savings; broader focus on appropriate use and quality outcomes; more constructive partnership with providers; requires mix of staff and contracted services
- Retrospective “Pay and chase,” i.e., compliance – lower rate of return; can take years to recover funds; narrow focus on accounting; threatens business relationship with providers; can be outsourced on contingency basis

- **Chronic under-resourcing at Clearinghouse**

- Threatens federal compliance
- Delayed or foregone care
- Negative financial impact on families/beneficiaries: medical debt; collections
- Delayed or foregone payment to providers



Responding to Federal Reform: State Responsibilities and Choices

- Major reforms delegated to the states
 - Expanding Medicaid to a new and larger population (est. 131,000) – January 1, 2014
 - Reforming insurance rules and creating a new and inclusive market (“exchanges”)
 - Integrating enrollment process for Medicaid and Federal subsidies (via exchanges)
 - Revisiting state health purchasing strategies given public promise of affordable coverage
 - Significant opportunities for investment in public health and health system reforms
- Redefining Medicaid for a new role in health care finance and delivery
 - Enrollment – Successfully building integrated eligibility and enrollment systems for Medicaid and the exchange (and expanding to include human service programs)
 - Benefits – Determine the most appropriate benefits for the Medicaid expansion
 - Payment – Assure appropriate payment and reimbursement following the expansion
 - Finance – Assess and minimize the costs of state policy choices
- Policy debate will expand to Federal regulation and state policy choices
 - Wide range of stakeholders and populations with vested interest
 - Need for good information



Coming Political Transition and Agency Review

2010 Elections

- New Governor; likely new cabinet secretaries
- 1 New U.S. Senator; 3 new U.S. House members
- All 125 Kansas House seats up for election

KHPA's Future

- Current law: KHPA Sunsets in 2013
- Question: Has KHPA fulfilled its mission and expectations?
 - More effective purchasing
 - Developing a coordinated health policy
 - Broader focus on health and prevention
 - Supporting data-driven Reliable source for policy analysis and advice
 - Greater accountability for public programs and funds
 - Educating and engaging the public on health care issues
- Legislative Post Audit reviewing coordination of health care-related programs



Establishing Priorities for 2011

1. Address programmatic risks from repeated cutbacks
2. Implement federal reform and inform key state choices
3. Avoid any role in the electoral process and coordinate closely with new state leaders
4. Initiate payment reforms to improve and control public spending and support ongoing health system reforms

Establishing Priorities for 2011

1. Address programmatic risks from repeated cutbacks

- Devote KHPA leadership to critical staff needs
 - Address morale in wake of repeated reductions in force
 - Ensure sustainable workload for remaining staff
 - Redefine agency's role in purchasing, health care management, and program oversight
 - Fewer staff hours devoted to individual needs of providers and beneficiaries
 - Lower staff-to-contract ratio
 - Greater dependence on external consultants
- Reorganize and train to enhance agency culture of professionalism
 - In-service training
 - Expand cross-training and re-assignment
 - Redefine core skills

Establishing Priorities for 2011

1. Address programmatic risks from repeated cutbacks (cont'd)

- Identify resources needed to effectively manage program spending
 - Volume of Federal and state compliance audits has multiplied
 - Capacity to identify unnecessary spending has been reduced
 - Agency's focus on program efficiency now limited
 - Program evaluation to identify program risks and over-spending
 - Strategic purchasing initiatives
 - Oversight and management of \$400 million HealthWave program
 - However, KHPA's ability to capture and understand program information has increased many-fold with DAI
 - Capacity to implement improvements and efficiencies is limited
 - Staff to coordinate changes within and across agencies
 - Staff and contract resources to program and test changes in the MMIS

Establishing Priorities for 2011

1. Address programmatic risks from repeated cutbacks (cont'd)
 - Identify resources needed to effectively manage program spending, continued:
 - Consider opportunities for both in-sourcing and out-sourcing to make greatest use of state funds
 - Pursue creative funding to fill gaps
 - Additional contingency or combination service/management contracts to outsource key aspects of purchasing, oversight, and policy development
 - Medicaid investment fund concept for agency cost-saving initiatives
 - Philanthropic support for policy development and stakeholder input

Establishing Priorities for 2011

2. Implement federal reform and inform key state choices

- Maintain operational focus on new eligibility system (KATCH)
- Coordinate closely with Insurance Commissioner, Governor's office, and other state agencies
- Maintain influence on Federal regulatory process
- Seek resources and work with stakeholders and partner agencies to develop a variety of policy options
- Re-think KHPA advisory process to address specific challenges in expanding and re-defining the Medicaid program
 - Special populations
 - Targeted benefits
 - Providers and insurers
- Policy choices to be made in 2011 focused on grant and demonstration opportunities in payment reform

Establishing Priorities for 2011

3. Avoid any role in the electoral process and coordinate closely with new state leaders
 - Maintain public focus on statutory responsibilities
 - Maintain impartial voice on high-profile health policy issues
 - Approach policymakers following the election to offer information and support
 - Work constructively to provide information for policymakers deliberating and planning the agency's future



Establishing Priorities for 2011

4. Initiate payment reforms to improve and control public spending and support ongoing health system reforms
 - Work with willing providers to pilot new approaches
 - Solicit “cost-avoidance” ideas from private sector for payment on contingency basis



Budget Priorities for FY 2011 and FY 2012

- Potential agency initiatives
 - Fund Medicaid caseload and CHIP
 - Maintain capacity to manage and administer programs
 - Meet CMS requirements for timely enrollment, auditing, and regulatory compliance
 - Identify new cost-saving investments in Medicaid
- Governor's initiatives
 - Reduce resource items
- Stakeholder initiatives
 - Expand coverage for attendant care to all provider settings
 - Other recommendations?



Discussion

- Agency Priorities
- Budget Options and Priorities
- Other Comments and Recommendations



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